

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291

APPLICATION FOR TRANSFER
OF
NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

Application is hereby made to transfer the permit to commence small mining operations for the COYOTE Knoll #1, 2, and 3 mine, permit # S/023/026, currently operated by ME FARLAND and HULLINGER L.C. (transferor) to DESERT MOUNTAIN Gold (transferee).

As used herein, TRANSFEROR refers to the current operator, TRANSFEE refers to the proposed new operator, NOI refers to the Notice of Intention to Commence Large Mining Operations; PERMIT refers to the approved (or accepted) NOI, including the reclamation contract and reclamation surety.

Upon approval of the Application for Transfer:

1. The Transferor agrees to transfer all rights and obligations to operate under the terms of the NOI to the Transferee, The Transferor will not retain any rights to conduct mining operations within the area covered by the approved NOI.
2. Both parties understand the transfer of the ***NOI is not complete until all the applicable requirements are met***, including the submittal and Division approval of an appropriate reclamation surety and a reclamation contract.
3. The transferee has read and has a copy of the current NOI.
4. The Transferee has inspected the site and is fully aware of all existing conditions and responsible for compliance with the conditions of the permit and the obligations regardless of the nature of the conditions at the site.
5. Transferee shall conduct mining operations on lands included in the NOI in accordance with the Utah Mined Land Reclamation Act, (ACT) Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended), and the rules promulgated under the ACT (R647- et seq., and the approved NOI.
6. The Transferee shall provide a surety in a form and amount approved by the Division to assure reclamation of the lands affected by the mining operations.

The **Transferor** will remain liable for compliance at the mine site until this transfer application is approved.

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FEB 24 2011

DIV. OF OIL, GAS & MINING

50230086
TaskID#4009
cc: Wayne
Paul.

The signatory below represents that he/she has authority to execute this transfer on behalf of the Transferor, if not a natural person. Statements made in the application are true and correct to the best of my knowledge and belief.

TRANSFEROR:

McFarland and Hullinger
Operator/Transferor Name

By Sidney K. Hullinger
Name of Authorized Officer (Typed or Printed)

SENIOR VICE PRESIDENT
Title of Authorized Officer

Sidney K. Hullinger 2-24-2011
Officer's Signature Date
Sidney K. Hullinger 2-24-2011

STATE OF Utah)

COUNTY OF Salt Lake) ss:

On the 24 day of February, 20 11, Sidney K. Hullinger personally appeared before me, who being by me duly sworn did say that he/she is an officer (owner, officer, director, partner, agent or other (specify)) of the Operator McFarland and Hullinger and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors, or as may otherwise be required to execute the same with full authority and to be bound hereby.

Penny Berry
Notary Public

Salt Lake
Residing at

1/4/2015
My Commission Expires:



The signatory below represents that he/she has authority to execute this transfer on behalf of the Operator/Transferee, if not a natural person; and the operator/transferee is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah. Statements made in the application are true and correct to the best of my knowledge and belief.

TRANSFeree:

DESERT MOUNTAIN GOLD, INC
Operator/Transferor Name

By KIP EARDLEY
Name of Authorized Officer (Typed or Printed)

SECRETARY
Title of Authorized Officer

[Signature] 2-24-2011
Officer's Signature Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 24 day of February, 20 11, Kip Eardley
personally appeared before me, who being by me duly sworn did say that he/she is
an officer (owner, officer, director, partner, agent or other (specify))
of the Operator Desert Mountain Gold Inc
and duly acknowledged that said instrument was signed on behalf of said Operator
by authority of its bylaws, a resolution of its board of directors, or as may otherwise
be required to execute the same with full authority and to be bound hereby.

Penny Berry
Notary Public
Salt Lake
Residing at
1/4/2015
My Commission Expires:



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Telephone: (801) 538-5291 Fax: (801) 359-3940

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program. (R647-3-et seq.)

These pages will replace the corresponding pages in the original NOI.

1. GENERAL INFORMATION

1. Name of Mine: _____
2. Legal name of entity (or individual) for whom the permit is being requested:
Mailing Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

Type of Business:

Corporation _____, LLC _____, Partnership – general _____ or limited _____,
Sole Proprietorship (dba) _____, or Individual _____

Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations (DOC).

Are you currently registered to do business in the State of Utah? Yes _____ No _____

Entity # _____

If no, contact DOC at www.commerce.utah.gov to renew or apply.

Local Business License # : _____ (if required)

Issued by: City: _____ or County: _____

If Business is a Sole Proprietor:

Name of owner: _____ Title: _____

Business Address: _____

City, State, Zip: _____

Phone: _____ Fax: _____

E-mail Address: _____

If Business is a Partnership:

Name of Partner: _____

Business Address: _____

City, State, Zip: _____

Phone: _____ Fax: _____

E-mail Address: _____

If Business is a Corporation:

Name of Officers: _____ Title: _____
_____ Title: _____
_____ Title: _____
_____ Title: _____
Corporate Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

If Business is a Limited Liability Company: Member Managed _____ Manager Managed _____

Name of 1st Member/Manager: _____ Title: _____
Business Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

2nd Member/Manager: _____ Title: _____
Business Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

2. Contacts:

This person may be notified for: permitting _____ surety _____ Notices _____
(please check all that apply)

Name: _____ Title: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
Emergency, Weekend, or Holiday Phone: _____
E-mail Address: _____

This person may be notified for: permitting _____ surety _____ Notices _____
(please check all that apply)

Name: _____ Title: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
Emergency, Weekend, or Holiday Phone: _____
E-mail Address: _____

Registered Utah Agent (as identified with the Utah Dept of Commerce) *(if individual leave blank):*

Name: _____ Title: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

3. Certification:

This certification must be signed by: (1.) an executive officer if the applicant is a corporation; (2.) a partner if applicant is a partnership (general or limited); (3.) the owner if applicant is a sole proprietorship; (4.) the member or manager if applicant is a limited liability company; or (5) the individual if the applicant is filing as an individual:

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

- a. I will follow the approved mining and reclamation plan that was submitted by _____ (transferor), until such time that I provide the Division with an amended Notice of Intention and receive approval of the amended Notice; AND
- b. I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.

Signature: _____ Date: _____

Name (typed or printed): _____

Title/Position (if applicable): _____

Assigned DOGM File No.: S 0230086
DOGM Lead: Wayne Western
Permit Fee \$ N/A Ck # N/A

Task ID# 4009

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The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

Note on confidentiality: Information provided in the notice of intention relating to the location, size, or nature of the mineral deposit that is clearly marked confidential will be protected as confidential. Each page or map requested to be kept confidential must be stamped or marked as such. The requested confidential information must describe how the confidential material relates to the location size or nature of the mineral deposit; provide a written claim of business confidentiality; and/or include a concise statement of reasons supporting the claim of business confidentiality, unless disclosing the location of explosives or historic, prehistoric, paleontological, or biological resource that must be considered confidential under statute.

"Small Mining Operations" mining operations which have a disturbed area of five or less surface acres at any time.

I. GENERAL INFORMATION (Rule R647-3-104)

1. Name of Mine: Coyote Knoll #5 1, 2 and 3 (2)
2. Legal name of entity (or individual) for whom the permit is being requested: Desert Mountain Gold, Inc.
Mailing Address: 447 N 300 West, Suite # 3
City, State, Zip: Kaysville, UT 84037
Phone: (801) 544-3421 Fax: (801) 544-4554
E-mail Address: ajgatten@nrc-exploration.com

Type of Business: Corporation ☒ LLC () Sole Proprietorship (dba) ()
Partnership () General _____ or _____ limited
Or:
Individual ()

Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations (DOC) www.commerce.utah.gov.

Are you currently registered to do business in the State of Utah? G ☒ Yes G No

Entity # 7879605-0142

If no, contact www.commerce.utah.gov to renew or apply.

Local Business License # N/A (if required)

Issued by: County _____ or City _____

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FEB 24 2011

DIV. OF OIL, GAS & MINING

3.

Contact Person(s)

Name: O. Jay Gatten Title: President
 Address: c/o North American Exploration Inc 447 N 300 West #3
 City, State, Zip: Kaysville, UT 84037
 Phone: (801) 544-3421 Fax: (801) 544-4554
 Emergency, Weekend, or Holiday Phone: (801) 725-6920
 E-mail Address: ojgatten@nae-xploration

Contact person to be notified for: permitting ☒ surety () Notices ☒ (please check all that apply)

Name: Kip Eardley Title: VP / Treasurer
 Address: 9160 S. 300 W SUITE 101
 City, State, Zip: SANDY UTAH 84070
 Phone: 801-706-9429 Fax: 801-665-1897
 Emergency, Weekend, or Holiday Phone: 801-706-9429
 E-mail Address: keardley@gmail.com

Contact person to be notified for: permitting ☒ surety () Notices () (please check all that apply)

Registered Utah Agent (as identified with the Utah Department of Commerce) (if individual leave blank):

Name: KIP EARDLEY
 Address: 9160 S. 300 W Suite 101
 City, State, Zip: SANDY UTAH 84070
 Phone: 801-706-9429 Fax: 801-665-1897
 E-mail Address: keardley@gmail.com

4.

If Business is a Sole Proprietor:

Name of Owner: _____ Title: _____
 Business Address: _____
 City, State, Zip: _____
 Phone: _____ Fax: _____
 E-mail Address: _____

If Business is a Corporation:

Name of Officers: Jay GATTEN Title: PRESIDENT
KIP EARDLEY Title: V.P. SECRETARY
 _____ Title: _____
 _____ Title: _____
 Headquarters Address: 9160 S. 300 W Suite 101
 City, State, Zip: SANDY UTAH 84070
 Headquarters Phone: 801-706-9429 Fax: 801-665-1897
 E-mail Address: keardley@gmail.com

If Business is a Limited Liability Company: Member Managed G Manager Managed G

Name of 1st Member/Manager: _____ Title: _____
 Business Address: _____
 City, State, Zip: _____
 Phone: _____ Fax: _____
 E-mail Address: _____

Name of 2nd Member/Manager: _____
 Business Address: _____
 City, State, Zip: _____
 Phone: _____ Fax: _____
 E-mail Address: _____

If Business is a Partnership:

Name of Partner: _____
Business Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

5. **Ownership of Land Surface:**

Private (Fee) G Public Domain (BLM) G National Forest (USFS) G
State Trust Land/School Sections G State Sovereign Lands G
Other (please describe): _____
Name _____ Address _____

Name _____ Address _____
Name _____ Address _____
Name _____ Address _____

6. **Ownership of Minerals:**

Private (Fee) G Public Domain (BLM) G National Forest (USFS) G
State Trust Land/School Sections G State Sovereign Lands G
Other (please describe): UMC 366787 - UMC 366789
Name _____ Address _____
Name _____ Address _____
Name _____ Address _____
Name _____ Address _____

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): _____

BLM Claim Numbers UMC 366787, 366788, 366789

Utah State Lease Number(s): N/A

Name of Lessee(s): _____

7. **Have the above surface and mineral owners been notified in writing?**

Yes X No _____

If no, why not? _____

*Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration **prior** to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.*

8. **Does the Entity have legal right to enter** and conduct mining operations on the land covered by this notice? Yes X No _____

II. **PROJECT LOCATION & MAP** (Rule R647-3-105)

1. **Project Location & Map** (legal description):

County(ies): _____

NW 1/4, of NE 1/4, of _____ 1/4: Section: 5 Township: 12S Range: 6W
____ 1/4, of _____ 1/4, of _____ 1/4: Section: _____ Township: _____ Range: _____
____ 1/4, of _____ 1/4, of _____ 1/4: Section: _____ Township: _____ Range: _____

UTM East _____ (if known) UTM North _____ (if known)

Name of Quad Map for Location: Desert Mountain Pass Quadrangle 7.5 minute

2. **Location and Operations maps** must be plotted at a scale to accurately identify locational landmarks and operations details. All maps must include a north arrow, scale, appropriate labels, and title box including the mine name, township, range and section.

a. The **general location map** must be the scale of a USGS 7.5 minute series map or equivalent (1"=2000') and identify new or existing access roads.

b. The **operations map** (1"=200' or other scale as determined necessary by the Division) must be labeled and identify:

- The area to be disturbed;
- The location of any existing or proposed operations including access roads, drill holes, trenches, pits, shafts, cuts, or other planned activities; and
- Any adjacent previous disturbance for which the operator is not responsible.

(Contact the Division for a list of consultants and land surveyors for mapping assistance.)

3. The proposed (5 acre or less) disturbed area (including access/haul roads) should be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

III. **OPERATION PLAN** (Rule R647-3-106)

1. **Type of mining:** Surface ☒ Underground ☐

2. **Mineral(s) to be mined:** Precious metals, silica

3. **Amount of material** to be extracted, moved, or proposed to be moved: _____

up to 10,000 tons open pit - potential 500,000 tons
underground

4. Will any **water, liquid chemicals, reagents, or other solutions** be used, produced or discharged as part of the mining or milling process?

Yes ☒ No ☐ If yes, please describe (add extra pages if needed) _____

Water will be used only for dust control

5. Provide a brief **description of the proposed mining operation** and onsite processing facilities (add extra pages if necessary). See attached mine plan for open pit - after completion of open pit, an underground mine plan will be submitted Exhibit 1

6. ☐ **New Road(s):** Length _____ (ft) Width _____ (ft)

7. ☐ **Improved Road(s):** Provide a description of the improvements that need to be made to existing roads to access the site, including the Length _____ (ft) and Width _____ (ft) of new disturbances.

8. Total project surface **acreage to be disturbed:** 5.0 (acres) PLEASE SPECIFY EXACT ACREAGE - (this will be used to determine surety bond amount - see #VI).

9. Proposed **startup date** (month, year) September, # 2004

10. Proposed **completion date**, if known (month, year) Open pit phase to be completed by September 2005 to be determined.

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109) determined.

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover or within practical limits. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at https://fs.ogm.utah.gov/pub/MINES/Coal_Related/RecMan/Reclamation_Manual.pdf.

1. Keep the mining operation in a safe, clean, and environmentally stable condition.
2. Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
3. Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.
4. Construct berms, fences, or barriers, when needed, above highwalls and excavations.
5. Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.
6. Remove all waste or debris from stream channels.
7. Dispose of any trash, scrap metal, wood, machinery, and buildings.
8. Conduct mining activities so as to minimize erosion and control sediment.
9. Reclaim all roads that are not part of a permanent transportation system.
10. Stockpile topsoil and suitable overburden prior to mining.

11. Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.
12. Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.
13. Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)
14. Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.

V. VARIANCE REQUEST (Rule R647-3-110)

Any variance request must be approved in writing by the Division

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. Written approval from the Division will be given, if the proposed alternative methods to be used are consistent with the Act.

Are variances being requested? Yes ☐ No ☒

1st Variance Requested

Item # _____ Applicable Rule # (i.e. R647-3-109.10 (if you did not want trenches & pits reclaimed)

Justification: _____

Alternate methods or measure to be utilized: _____

2nd Variance Requested

Item # _____ Applicable Rule # _____

Justification: _____

Alternate methods or measure to be utilized: _____

3rd Variance Requested

Item # _____ Applicable Rule # _____

Justification: _____

Alternate methods or measure to be utilized: _____

Attach additional page if more variances are requested.

VI. SURETY (Utah Code Ann. §40-8-7(1)[c])

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations. No surface disturbance is authorized until the surety is posted and approved in writing. The surety may be provided in the form of a certificate of deposit, a letter of credit, a surety bond, or cash. Please contact the Division for further information about submitting the surety. All mining operations are required to furnish and maintain reclamation surety to guarantee that the land affected is reclaimed (Utah Code Ann. §40-8-7(1)[c]).

The reclamation surety amount is based on the nature, extent and duration of operations. The amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions. Reclamation surety for small mines is reviewed every three (3) or five (5) years and adjusted as necessary for inflation/deflation based upon acceptable Costs Index. **Contact the Division for the dollar amount required for a three (3) or five (5) year period for this project.**

VII. PERMIT FEE (Utah Code Ann. §40-8-7(1)(i))

A permittee's authorization under a notice of intention to conduct small mining operations shall require the paying of permit fees as authorized by the Utah Legislature (R647-3-102.5). Permit fees are assessed to new and existing small mining operations, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.


Small Mine Notices require a \$150.00 fee, which must accompany this application, or the Division cannot process it.

VIII. SIGNATURE REQUIREMENT

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

- a. I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
- b. I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
- c. **This certification must be signed by:** (1.) an executive officer if the applicant is a corporation; (2.) a partner if applicant is a partnership (general or limited); (3.) the owner if applicant is a sole proprietorship; **or** (4.) the member or manager if applicant is a limited liability company.

Signature:  Date: 2/24/11
Name (typed or printed): O. JAY GATTEN
Title/Position (if applicable): President

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Utah Business Search - Details

DESERT MOUNTAIN GOLD, INC

Entity Number: 7879605-0142

Company Type: Corporation - Domestic - Profit

Address: Unknown, NA 00000

State of Origin:

Registered Agent: KIP EARDLEY

Registered Agent Address:

9160 S 300 W, STE 101 Sandy UT 84070

Status

Status: Active  as of 01/11/2011

Renew By: 01/11/2012

Status Description: Good Standing

Employment Verification: Not Registered with Verify Utah

History

Registration Date: 01/11/2011

Last Renewed: N/A

Additional Information

NAICS Code: 9999 **NAICS Title:** 9999-Nonclassifiable Establishment

Utah Business Search - Registered Principals

Registered Principals

Name	Type	City	Status
DESERT MOUNTAIN GOLD, INC	Corporation	Unknown	Active
Position	Name	Address	
Registered Agent	KIP EARDLEY	9160 S 300 W, STE 101	Sandy UT 84070
Director	KIP EARDLEY	9160 S 300 W, STE 101	Sandy UT 84070
Secretary	KIP EARDLEY	9160 S 300 W, STE 101	Sandy UT 84070

If you believe there may be more principals, click here to